

February 23, 2022

Via ECFS

Marlene H. Dortch, Secretary
Federal Communications Commission
45 L Street, NE
Washington, DC 20554

Re: Auction of Flexible-Use Licenses in the 2.5 GHz Band for Next-Generation
Wireless Services
AU Docket No. 20-429
Comments Regarding Auction 108 Procedures

Dear Secretary Dortch:

Aeronet Wireless Broadband LLC (Aeronet) writes in response to the February 9, 2022 Public Notice seeking comment on whether a so-called “clock-1” auction “is more responsive to bidder needs” than either the single-round, sealed-bid auction format or the simultaneous, multiple-round auction format on which the FCC previously sought comment.¹ As a small company that holds, leases and subleases 2.5 GHz spectrum in Puerto Rico, we have a strong interest in ensuring that we can bid for licenses on a more level playing field. We are likely to bid if the FCC adopts a single-round auction format, and less likely to do so if the FCC adopts a simultaneous, multiple-round or ascending clock auction. We strongly support a single-round, sealed-bid approach, and encourage the FCC to adopt that proposal and hold the auction as soon as possible.

By way of background, Aeronet was founded in 2001 and currently provides fixed broadband service to approximately 15,000 residential and business customers in Puerto Rico. Over the last several years, we have obtained 2.5 GHz licenses in the secondary market, and have engaged in a series of spectrum swaps with T-Mobile in which each company leases and subleases spectrum to each other to create large contiguous blocks of spectrum. We have conducted extensive equipment trials.

We support the single-round, sealed-bid approach for two principal reasons. First, Aeronet’s only interest in the 2.5 GHz band is in Puerto Rico. In a simultaneous, multiple-round or ascending clock auction, we would not have the ability to cost-average our bids across a

¹ Public Notice, *Auction of Flexible-Use Service Licenses in the 2.5 GHz Band for Next-Generation Wireless Services; Further Comment Sought on Competitive Bidding Procedures for Auction 108*, AU Docket No. 20-429, DA 22-10 (rel. Feb. 9, 2022) (*Public Notice*) at 3, ¶ 5.

large number of licenses. According to the FCC's recently released inventory, there are 29 licenses available in Puerto Rico, many of which are heavily encumbered by existing licenses licensed or leased to Aeronet, T-Mobile and others. By contrast, there are more than 8,100 licenses available across the country. Thus, we could possibly move our bids among the 29 or fewer useable licenses (depending on whether the FCC permits "either/or" bidding or bid "switching"), whereas T-Mobile would have much greater flexibility to bid, and keep bidding, based on its ability to cost-average – an advantage that other bidders do not have. In areas that are not competitive, T-Mobile could acquire licenses at the very low minimum bid price, and pay above-market prices for licenses where it is competing, likely against small companies like Aeronet. Over time, T-Mobile could simply keep topping bids until the smaller company is forced to drop out, and T-Mobile can still achieve significant value through cost-averaging its bids nationwide.

Second, although Aeronet has acquired spectrum through the secondary market, it understands the added value and benefits of holding spectrum in its own name. That's why we acquired EBS licenses from the Sistema Universitario Ana G. Mendez a few years ago – so we could dispense with ongoing lease obligations that creates potential liability and limits our ability to sell or sublease spectrum. We also reduce administrative burdens associated with lease administration and can address interference problems directly instead of having to coordinate with a lessor. And there are no guarantees that the secondary market will be available to us in Puerto Rico after the auction. By acquiring additional spectrum directly through Auction 108, Aeronet will not need to acquire spectrum in the secondary market to fill in the areas where it desires additional spectrum to meet its business objectives.

We ask the Commission to consider these views as it finalizes its auction procedures. We appreciate the opportunity to contribute to the record of this important proceeding.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Gino A. Villarini", is positioned above the name.

Gino A. Villarini, President/CEO